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STADIS/////////
FOR AMBASSADORS AND CHARGES FROM LUERS

E.O. 11652: GDS

TAGS: PFOR

SUBJECT: ARA WEEKLY HIGHLIGHTS

SUMMARY: MEETING ON MECHANISMS TO HANDLE ISSUES BETWEEN
THE US AND MEXICO. APPROPRIATIONS FOR THE INTER-
AMERICAN DEVELOPMENT BANK. PANAMANIAN PLANNING MINISTER
HERE TO DISCUSS GOP PLANS FOR CREATION OF A LATIN
AMERICAN EXPORT ACCEPTANCE BANK. CONGRESSIONAL ACCESS
TO CLASSIFIED AND SENSITIVE DEPARTMENT INFORMATION.
HUMAN RIGHTS POLICY IMPACT ON LATIN AMERICA. CONGRES-
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SIONAL MARKUP OF 1977 SECURITY ASSISTANCE LEGISLATION.
OAS GENERAL ASSEMBLY SCHEDULED FOR JUNE 14-24 SET FOR
GRENADA.

1. MEETING ON MECHANISM TO HANDLE ISSUES BETWEEN
THE US AND MEXICO: THE MEXICANS HAVE INDICATED
THAT THEIR SECRETARIES OF FOREIGN RELATIONS,
TREASURY, BUDGET AND PLANNING, NATIONAL PATRIMONY
AND INDUSTRIAL DEVELOPMENT, AND COMMERCE WILL
PARTICIPATE IN THE OVERALL CONSULTATIVE PROCESS WITH

THE US. HOWEVER, SECRETARY ROEL HAS INFORMED US THAT HE HAS NOT YET DECIDED WHICH OF THEIR SECRETARIES, IF ANY, WILL ACCOMPANY HIM. DEPENDING ON WHO ACTUALLY COMES, WE COULD BE REPRESENTED BY THE

SECRETARY AND OTHER APPROPRIATE CABINET AND SUB-CABINET OFFICIALS. AMBASSADOR DESIGNATE LUCEY AND THE MEXICAN AMBASSADOR WILL ALSO BE INVITED TO ATTEND. IN ADDITION TO THE GENERAL DISCUSSIONS, ROEL WILL PROBABLY WANT BILATERAL DISCUSSION WITH THE SECRETARY ON HEMISPHERIC AND GLOBAL MATTERS. MECHANISMS: TENTATIVE INTER-AGENCY AGREEMENT HAS BEEN REACHED AT THE WORKING LEVEL TO PROPOSE ESTABLISHING WORKING GROUPS IN THE FOLLOWING AREAS 1) TRADE, INVESTMENT, AND TOURISM; 2) FINANCIAL AFFAIRS; 3) ENERGY; 4) UNDOCUMENTED ALIENS; 5) BORDER ENVIRONMENT. INTER-AGENCY PREPARATION OF ISSUES AND SCOPE PAPERS. MAIN US OBJECTIVES ARE GENERALLY: 1) ESTABLISH WITH MEXICO A CLEAR UNDERSTANDING ON THE COMPOSITION, AGENDA, AND TARGET DATES OF THE ENVISIONED WORKING GROUPS; AND 2) ENCOURAGE BOTH SIDES TO VIEW THE VARIOUS BILATERAL ISSUE AREAS WITH MEXICO AS INTER-RELATED MATTERS WHICH REQUIRE AN INTEGRATED, GOVERNMENT WIDE, PROBLEM-SOLVING APPROACH BY BOTH SIDES. CONFIDENTIAL

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2. APPROPRIATIONS FOR THE INTER-AMERICAN DEVELOPMENT BANK: FIVE CENTRAL AMERICAN AMBASSADORS EXPRESSED CONCERN ABOUT CONGRESSSIONAL CUTS IN SUPPLEMENTAL APPROPRIATIONS REQUESTED. THE SECRETARY EXPRESSED THE PRESIDENTS AND HIS CONCERN BY LETTER AND STATED THAT HE AND TREASURY SECRETARY BLUMENTHAL URGED APPROPRIATE MEMBERS OF CONGRESS TO RESTORE THE CUTS. CONGRESS HAS RESTORED 40 MILLION DOLLARS TO THE FUND FOR SPECIAL OPERATIONS MADE BY THE HOUSE APPROPRIATIONS SUBCOMMITTEE. TOTAL US SUBSCRIPTION TO IDB UNDER THIS SUPPLEMENTAL APPROPRIATION WILL REACH 316 MILLION DOLLARS, THE HIGHEST US CONTRIBUTION IN RECENT YEARS. WHILE LESS THAN REQUESTED, THESE FUNDS, ALONG WITH THE CONTRIBUTIONS OF OTHER MEMBERS INCLUDING THE NEW NON-REGIONAL MEMBERS, WILL ENABLE THE BANK TO CONTINUE ITS WORK IN AIDING DEVELOPMENT IN LA AND CARIBBEAN.

3. PANAMA: THE GOP HAS BEEN WORKING TO CREATE A LATIN AMERICAN EXPORT REDISCOUNT FACILITY SINCE 1974. ITS PRINCIPAL PURPOSE WOULD BE TO REFINANCE NON-TRADITIONAL EXPORT PRODUCTS

OF LATIN AMERICAN ORIGIN. THE ENTITY WOULD BE FUNDED AND ADMINISTERED BY: 1) PARTICIPATING CENTRAL AND COMMERCIAL BANKS, AND EXPORT

PROMOTION AGENCIES IN LA; 2) INTERNATIONAL COMMERCIAL BANKS BASED IN PANAMA; AND 3) THE INTERNATIONAL FINANCE CORPORATION (IFC). CAPITALIZATION WOULD BE 100 MILLION DOLLARS AND THE BANK IS EXPECTED TO REFINANCE EXPORTS AMOUNTING TO 400 MILLION DOLLARS ANNUALLY WITHIN FIVE YEARS. PLANNING MINISTER
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BARLETTA REPORTS WORLD BANK PRESIDENT MCNAMARA HAS ASSURED IFC SUPPORT AND NEGOTIATIONS WITH LA CENTRAL BANKERS GOING WELL. US PUBLIC POSITION IS NEUTRAL, BUT PRIVATELY WE HOPE FOR ITS CREATION.

4. CONGRESSIONAL ACCESS TO INFORMATION:
AT SECRETARY'S STAFF MEETING MAY 3 THE DESIRABILITY OF OPEN AND COOPERATIVE INFORMATION POLICY WHERE DEPT WOULD PROVIDE CONGRESS INCREASED ACCESS TO CLASSIFIED AND SENSITIVE INFORMATION WAS DISCUSSED. ALL GENERALLY AGREED WITH CONCEPT THAT CONGRESS HAS A REAL AND CONTINUING NEED TO KNOW; THAT CONSULTATION WITH CONGRESS IS AN IMPORTANT PART OF OUR SYSTEM AND A BETTER FLOW OF INFORMATION IS A NECESSARY BASE FOR AN EXPANDED CONSULTATION PROCESS. HOWEVER, THERE ARE SEVERAL IMPORTANT CONSIDERATIONS: EXPANDED ACCESS TO CLASSIFIED AND SENSITIVE INFORMATION MUST BE WEIGHED IN TERMS OF ITS IMPACT ON THE INTEGRITY AND EFFECTIVENESS OF OUR CONDUCT OF FOREIGN POLICY. GIVEN SIZE AND DIFFUSE NATURE OF CONGRESS, THERE MUST BE A CAREFUL AND EFFECTIVE SAFEGUARDING OF INFORMATION PROVIDED. CONGRESSIONAL UNFAMILIARITY AND CASUAL HANDLING OF THIS INFORMATION AND THE DEMONSTRATED TENDENCY TO PRESS FOR PUBLIC RELEASE OF CLASSIFIED AND SENSITIVE INFORMATION, ESPECIALLY IF CRITICAL OF FOREIGN GOVERNMENTS, CAN BRING NEGATIVE REACTIONS FROM THESE GOVERNMENTS WITH NEGATIVE IMPACT ON BILATERAL RELATIONS. ALSO IT CAN JEOPARDIZE THE TRUST OF FOREIGN CONFIDENTANTS WHEN THEY KNOW OUR SYSTEM IS INCREASINGLY PRONE TO MAKE PUBLIC THEIR IDENTITIES. THEREFORE, AN IMPERATIVE PRE-CONDITION TO EXPAND
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SHARING OF CLASSIFIED AND SENSITIVE INFORMATION SHOULD BE AN EFFECTIVE SYSTEM INSURING THE CONFIDENTIALITY OF THIS MATERIAL.

5. HUMAN RIGHTS POLICY IMPACT: LATIN AMERICA:
THE ADMINISTRATION HUMAN RIGHTS POLICY IS HAVING

A SIGNIFICANT IMPACT IN LA. A GOOD MANY LA GOVERNMENTS HAVE REACTED NEGATIVELY, BUT SOME OF THESE HAVE NONETHELESS TAKEN STEPS TO IMPROVE THEIR PERFORMANCE. THERE HAVE BEEN NUMEROUS INDICATIONS OF APPROVAL IN IMPORTANT SECTORS OF LA PUBLIC OPINION. OF COURSE THESE GENERALIZATIONS SHOULD BE TREATED WITH CAUTION.

THE UNITED STATES GOVERNMENT'S NEW HIGHER PRIORITY FOR HUMAN RIGHTS, AS REFLECTED IN ADMINISTRATION SPEECHES AND STATEMENTS, DIPLOMATIC REPRESENTATIONS, MILITARY AID CUTS, ACTIONS TAKEN ON IFI LOANS, AND CONGRESSIONAL HEARINGS, HAS CAUSED THE GOVERNMENTS OF BRAZIL, ARGENTINA, URUGUAY, GUATEMALA, AND EL SALVADOR TO REJECT, IN WHOLE OR IN PART, SECURITY ASSISTANCE PREDICATED ON HUMAN RIGHTS CONSIDERATIONS. LEADERS IN THESE AND OTHER GOVERNMENTS HAVE EXPRESSED RESENTMENT AND CONCERN, AS WELL AS SOME BEWILDERMENT, AT THE ADMINISTRATION'S HUMAN RIGHTS STAND. MANY IN LATIN AMERICAN RULING CIRCLES REGARD OUR ACTIONS AND WORDS AS INTERVENTION IN THEIR DOMESTIC AFFAIRS AND A SELF-DEFEATING ABANDONMENT OF OLD ALLIES WHO ARE FIGHTING A COMMON ENEMY, INTERNATIONAL COMMUNISM.

ON THE OTHER HAND, SOME OFFICIALS OF THESE GOVERNMENTS HAVE PRIVATELY EXPRESSED CONFIDENTIAL

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APPROVAL OF THE CARTER HUMAN RIGHTS POLICY. AND A SIGNIFICANT MINORITY OF LATIN AMERICAN GOVERNMENTS, INCLUDING THOSE OF VENEZUELA, COSTA RICA, AND COLOMBIA,

HAVE OPENLY VOICED THEIR SUPPORT.

THE NET INCREMENTAL CHANGES ARE DIFFICULT TO IDENTIFY AND IMPOSSIBLE TO QUANTIFY. BUT THERE ARE INDICATIONS THAT SOME GOVERNMENTS HOPE FOR PUBLIC OR TANGIBLE RECOGNITION OR POSITIVE STEPS TAKEN. THESE MIGHT WELL BE ENCOURAGED IN THE DIRECTION

OF STILL FURTHER PROGRESS.

IT IS MUCH MORE DIFFICULT TO CALCULATE THE REACTION OF LATIN AMERICAN PUBLIC OPINION. UNQUESTIONABLY MUCH OF IT HAS BEEN POSITIVE,

ALTHOUGH OFTEN MUTED IN FEAR OF REPRISAL. THERE HAS BEEN CONSIDERABLE FAVORABLE INDEPENDENT PRESS COMMENT. MANY DEMOCRATIC OPPOSITION PARTIES AND GROUPS HAVE HAILED OUR HUMAN RIGHTS STAND. AND THERE HAVE BEEN WARM WORDS OF PRAISE AND ENCOURAGEMENT FROM INFLUENTIAL INTELLECTUALS, JOURNALISTS, SOCIOLOGISTS, ETC.

IT IS, OF COURSE, FAR TOO EARLY TO MAKE ANY DEFINITIVE JUDGEMENTS AS TO THE NET IMPACT OF OUR CURRENT HUMAN RIGHTS POLICY. LATIN AMERICANS BOTH IN AND OUT OF GOVERNMENT ARE WATCHING CAREFULLY TO SEE WHETHER AND HOW EFFECTIVELY WE INTEND TO CONTINUE OUR PRESENT HUMAN RIGHTS COMMITMENT.

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6. CONGRESSIONAL MARKUP OF 1977 SECURITY ASSISTANCE LEGISLATION: DEPARTMENT OFFICIALS, INCLUDING ARA REPRESENTATIVES, HAVE BEEN TESTIFYING IN FAVOR OF ADMINISTRATION DRAFT AUTHORIZING LEGISLATION TO AMEND 1976 INTERNATIONAL SECURITY ASSISTANCE AND ARMS EXPORT CONTROL ACT DURING HOUSE AND SENATE MARKUP PROCESS. MARKUP OF APPROPRIATION BILLS TO FOLLOW. SENATE-HOUSE CONFERENCE COMMITTEE ACTION ON DIFFERENCES IS ALSO TO COME.

BASED ON ACTION TO DATE, FOLLOWING APPEARS LIKELY FOR OUR REGION AFTER SEPTEMBER 30, 1977: (A) ALL MILITARY MISSIONS (MILGPS) EXCEPT RPT EXCEPT PANAMA (AND PROBABLY BRAZIL) WILL BE ENDED AND REPLACED WITH THE SMALLER OFFICES UNDER THE AMBASSADOR OF THE TYPE ESTABLISHED LAST YEAR IN COSTA RICA, URUGUAY, AND PARAGUAY.

(B) THESE OFFICES, WHICH ARE NOT RPT NOT MILGPS (AND WHICH WE CALL OFFICES OF DEFENSE COOPERATION IN THE ABOVE THREE COUNTRIES), WOULD NORMALLY BE

STAFFED WITH THREE US MILITARY PERSONNEL PLUS LOCALS, EXCEPT THAT AMBASSADORS COULD REQUEST AN ADDITIONAL THREE MILITARY PERSONNEL FOR A TOTAL OF SIX WHERE WORK WARRANTS.

(C) PANAMA MILGP WOULD RETAIN ITS 13 MILITARY PERSONNEL FOR ONE YEAR. WITHOUT SPECIFIC CONGRESSIONAL AUTHORIZATION IT WOULD REVERT TO THE SAME STATUS AS OTHER POSTS SEPTEMBER 30, 1978.

(D) ADMINISTRATION'S PROPOSALS FOR FY 1978 FMS FINANCING, IMETP AND MAP WILL BE APPROVED EXCEPT FOR THE "RENOUNCING" COUNTRIES -- BRAZIL, ARGENTINA, EL SALVADOR, AND GUATEMALA.
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(E) FY 1978 FMS FINANCING WAS DELETED FOR THE ABOVE FOUR AND IMETP WILL PROBABLY BE DELETED FOR EL SALVADOR AND GUATEMALA.

(F) FY 1978 IMETP FOR BRAZIL AND ARGENTINA MAY HAVE TO BE PHASED OUT AFTER ONE YEAR.

LEGISLATION FOR LATIN AMERICA IS NOT SECURE YET; ANOTHER ATTEMPT TO DELETE SPECIFIC PROGRAMS MAY BE MADE IN APPROPRIATIONS BILL MARKUPS YET TO COME. DEPARTMENT WILL KEEP YOU POSTED; DO NOT ADVISE HOST GOVERNMENTS UNTIL ALL RETURNS ARE IN.

7. TERRY TODMAN WAS IN ATLANTA MAY 6 TO ADDRESS THE INTER-AMERICAN BAR ASSOCIATION. HE LEFT WASHINGTON ON MAY 8 FOR HIS FIRST ORIENTATION AND FAMILIARIZATION TRIP AS ASSISTANT SECRETARY TO COLOMBIA, VENEZUELA, ARGENTINA, BRAZIL AND BOLIVA. HE RETURNS ON MAY 17. I SPENT THREE DAYS IN JAMAICA LAST WEEK AS U.S. AND

JAMAICAN TEAMS BEGAN EXAMINING WAYS TO IMPROVE RELATIONS--WITH PARTICULAR ATTENTION TO POTENTIAL U.S. HELP TO JAMAICA. I ALSO MET WITH PRIME MINISTER MANLEY. CHRISTOPHER

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